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Tacoma, Washington 98421

TACOMA PUBLIC UTILITIES

August 29, 2007

Mr. Richard F. Timmons, President
American Short Line and Regional Railroad Association
50 F Street
Suite 7020
Washington, D C 20001-1564

Dear Mr. Timmons,

I received your letter requesting information regarding Tacoma Rail's operating plan with the Port of Tacoma. Tacoma Rail has planned for and will continue to manage the unprecedented growth we have experienced. The following are the components of our Planning for Peak (P4P) program.

Planning for Peak:

Safety:

- Perform daily field tests on all crews.
- Developed operation rules compliance program that ensures efficiency and safe movements of trains

Transportation:

- Purchase additional locomotive power.
- Hire additional crew members.
- All partners participate in multiple daily conference calls regarding train arrivals and departures.

Technology:

- Tacoma Rail has created reports for all partners; i.e. dwell time, footage capacity and car location.
- Reports are sent automatically to all partners and customers.

Customer Service:

- Work with the mainline railroads to move the interchange points
- Develop parameters for a joint partnership center with the Port of Tacoma, Union Pacific, Burlington Northern Railway and Tacoma Rail.
- 24/7 responsibility to develop train slot plans and execution of those plans.
- Tacoma Rail has assigned a full time employee to work with all freight customers.
- Inform all customers of their demurrage bills and car dwell times.

In addition to the above activities, Tacoma Rail's Planning for Peak program has been shared with our customer base during a series of workshops which are conducted each year. During these customer workshops Tacoma Rail outlines activities from the previous year and plans for the coming years. Each customer is provided an opportunity to communicate their issues and freight forecasts. These workshops are well attended and the exchange of information is invaluable.

Our largest customer, the Port of Tacoma, is our strongest partner. Both Tacoma Rail and the Port of Tacoma jointly plan the design and operating plans of the rail infrastructure. We jointly fund and participate in rail capacity studies.

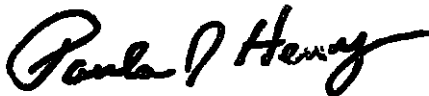
Another item that Tacoma Rail and the Port of Tacoma have worked jointly on is surveillance cameras around the area. Over 55 cameras have been installed at various locations with digital video recorders for security backup. Five of these cameras are strategically placed for operational use by Tacoma Rail. Rail movements at interchange points can be easily tracked and seen from the tower. This has aided in safety, security and efficiency.

Tacoma Rail started a new locomotive servicing program with the Union Pacific. Rather than the locomotives leaving for servicing after their delivery to Tacoma, they stay in the area and are serviced by Tacoma Rail instead. This servicing includes sanding, cleaning, fueling and minor repairs. It is estimated that at least 4 to 6 hours per locomotive is saved by this program.

Tacoma Rail and its rail partners/customers recognize the need to jointly address service and infrastructure demands in order to be poised for the future. The Pacific Northwest region has become and will continue to be a key player to the nation's railway system fluidity and performance.

Thank you for the opportunity to share how Tacoma Rail has been planning for peak service and infrastructure demands. If you have any questions regarding our planning activities, you may reach me at 253-405-0765.

Yours truly,



Paula J. Henry
Superintendent

Cc: ASL RRA file